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SUBJECT: RUSSIA AND INDIA SEEK TO IMPROVE ECONOMIC TIES;
SECURITY COOPERATION LIMITED

REF: MOSCOW 5435

1. (SBU) Summary: In official briefings on Indian Prime Minister Singh's November 11-12 visit, Russian and Indian diplomats confirmed reftel assessment of bilateral relations as politically healthy but in danger of appearing "emaciated" should the countries fail to expand economic ties. The diplomats candidly portrayed Russia-India trade as dependent on military sales and said both sides sought to remove barriers to trade and establish mechanisms to promote investment. No date was set for signing a delayed agreement for Russia to provide India with four additional nuclear reactors, but the Indians assured the GOR it would be signed. Indian diplomats told us PM Singh invited Putin to India in 2008 and said India prefers Putin remain Russian President for a third term. India would like to join the Shanghai Cooperation Organization (SCO), but will remain an observer for the near future. End summary.

Indians Praise Putin for Reviving Ties

2. (SBU) During separate briefings held for the diplomatic corps the week of November 19, the MFA and Indian Embassy provided additional details on PM Singh's November 11-12 Moscow visit. In contrast with an earlier MFA assessment of the "modest" visit (reftel), the Indians were more effusive in proclaiming Singh's trip a success. Indian Embassy Counselor Ramesh Chandra said the annual summits, begun in 2000, are a sign of a relationship brought to "new heights" under Putin after ties waned following the collapse of the USSR.

3. (SBU) Chandra noted that PM Singh invited Putin to India in 2008 to inaugurate the "Year of Russia" in India, a major cultural exchange that will be followed by the "Year of India" in Russia in 2009. When Putin declined the invitation, citing upcoming Presidential elections, Singh responded that India would like to see Putin remain for a third term.

Relations Politically Healthy, Economically "Emaciated"

4. (SBU) Diplomats described Russia-India relations as politically healthy but lacking in economic and trade ties. MFA India Desk Chief Aleksandr Hozin said that the current low level of trade between Russia and India was a "sensitive" issue for the GOR and the expansion of economic ties is a top priority. Chandra said Russia and India enjoy strong

political relations that have not translated into "equitable" business ties. He warned that failure to expand economic ties would make the relationship appear increasingly "emaciated" as Indian trade with other international partners increase.

¶15. (SBU) Economics and trade were a focus of the Singh visit, during which the GOR and GOI agreed to establish a joint working group on expanding trade that would seek to remove barriers such as tariffs and incompatibility between the Russian and Indian banking sectors. Russia and India will also explore establishing a center based in Moscow to promote the transfer of new technology to compliment three high-tech development centers already set to open in India and Russia (reftel). The Russians and Indians agreed, however, that expanding trade needed to go beyond intergovernmental efforts and would depend on the private sector.

No Timeline for Russia-India Nuclear Agreement

¶16. (SBU) Hozin expanded on his earlier remarks on the Russia-India nuclear agreement (reftel), which he said was finalized and simply awaiting signature. No timeline was set, but Singh had given his "assurance" the agreement would eventually be completed. Hozin said "no direct link" was made between the Russia-India nuclear agreement and the U.S.-India 123 Agreement, although Russia did ask India to negotiate with the IAEA to reach a safeguards agreement that would allow Russia to sell India the four reactors. The GOR predicted that the process would not be easy but nuclear restrictions on India would ultimately be lifted. Hozin said the GOR "felt strongly" that India had met its "international obligations" to protect its civilian nuclear program and keep it separate from its military program.

Limited Security Cooperation

¶17. (SBU) In their briefings, Russian and Indian diplomats explained how defense cooperation had evolved from a simple seller-buyer relationship to one in which Russia and India worked on joint military production projects (reftel). Defense cooperation did not translate into security cooperation, which remained limited. Putin and Singh agreed the Russia-India Joint Working Group on Terrorism, which Hozin termed as not more than a forum for exchanging information, would go from annual to biannual meetings.

¶18. (SBU) During their meeting, Singh told Putin India placed great importance on trilateral Russia-India-China relations and would like "enhanced participation" in the SCO. The GOR supports no SCO enlargement at this point and offered an increased Indian role in the SCO's economic and energy activities.

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